

# Federated

DEPARTMENT STORES, INC.

DOCKET FILE COPY ORIGINAL

7 West Seventh Street • Cincinnati, Ohio 45202-2471

CAROL A. SANGER  
VICE PRESIDENT  
CORPORATE COMMUNICATIONS  
& EXTERNAL AFFAIRS  
513/579-7764

RECEIVED

JAN 20 1998

January 19, 1998

Via Airborne

FCC MAIL ROOM

Office of the Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

**RE: In the Matter of Federal State Joint Board on Universal Service**  
**CC Docket No. 96-45**  
**Informal Complaint**

Dear Madam/Sir:

In September 1996 – six months after the Commission proposed changes in its rules relating to the USF and PICC obligations of interexchange carriers – MCI and Federated entered into a contract under which Federated committed to purchasing more than \$40 million in regulated services in return for certain commitments by MCI, including a commitment to charge Federated only for items enumerated in the contract. Increases in MCI's USF or PICC costs may not be charged to Federated under the Federated/MCI contract.

Despite the fact that MCI is contractually bound to forego any rate increase prompted by changes in its costs relating to these matters, we are concerned that paragraph 851 of the Commission's Universal Service Order may be interpreted to permit MCI to abrogate its contract to pass through the USF charges.<sup>1</sup> The Ad Hoc Telecommunications Users' Committee has sought reconsideration or clarification of that paragraph in a petition filed in July of 1997. We urge the Commission to grant that petition.

We believe this problem deserves urgent attention because MCI has now notified Federated of its intention to raise Federated's rates as of January 1, apparently in reliance on MCI's reading of paragraph 851. In particular, MCI has told Federated (and presumably other MCI customers) that the Commission "has changed the rules relating to the charges that all long distance carriers must pay to access local networks and support universal service programs." MCI states that new rules "result in several significant costs that must be addressed by all long distance providers" and goes on to cite the following:

No. of Copies rec'd 0  
List A B C D E

<sup>1</sup> Federal-State Joint Board on Universal Service, Report and Order, 62 Fed. Reg. 32862 (June 17, 1997).

Page Two  
January 19, 1998

- a "National Access Fee," which MCI describes as a pass-through from the end-user customer to the local exchange carrier; and
- a "Federal Universal Service Fee," which MCI describes as something that "will apply to business and residential users of telecom services."

A copy of this MCI communication is attached for your convenience.

This material is misleading insofar as it implies that the Commission has imposed these charges on Federated and other end-users, and that MCI is doing little more than administering the program. The material also is misleading in that it neglects to mention that decreases in MCI's costs for switched access of more than one-cent per minute were ordered by the Commission on the same day that orders were issued in connection with Universal Service and PICCs.

We are reasonably confident that the net effect of these three orders is to decrease MCI's overall costs of providing service. Thus, MCI's attempts to increase rates are not justified by the combined effect of the Commission's actions.

MCI's effort to abrogate a carrier/customer arrangement in reliance on increases in certain costs but without regard for simultaneous and countervailing cost decreases is an unjust and unreasonable practice. Further, MCI's effort to mislead its customers as to the intent and impact of the Commission's orders is similarly unjust and unreasonable.

We therefore encourage the Commission to act promptly and favorably on the reconsideration petition referenced above in order to avoid any interference with the workings of the competitive market place. We also ask that the Commission treat this letter as an informal complaint.

Very truly yours,

A handwritten signature in black ink, appearing to read "Carol A. Sanger", with a stylized flourish at the end.

Carol A. Sanger  
Vice President Corporate Affairs  
Federated Department Stores, Inc.



**FCC Order on Telecommunications Access Reform  
and Federal Universal Service Fee  
MCI Compliance Information for Business Customers  
December 1997**

**Overview - Access Reform and Federal Universal Service Fee**

The FCC has changed the rules relating to the charges that all long distance carriers must pay to access local networks and support universal service programs. These new rules result in several significant costs that must be addressed by all long distance providers.

MCI's need to remain competitive in today's marketplace necessitates that we begin passing through these new access and universal service subsidy costs to business customers beginning January 1, 1998.

**I. Access Reform: National Access Fee**

The National Access Fee (NAF) results from the fact that the Local Exchange Carriers have received permission to change the way they charge long distance carriers for access to their networks. These access charges will shift from a per-minute basis to a per-line basis. This shift means that zero usage lines will now be assessed per-line charges. These NAF charges go directly to the LEC via pass through from the interexchange carrier.

How will you, an MCI business customer, be impacted by the NAF? Beginning January 1998, the following charges will be assessed monthly for all MCI business customers depending upon line type:

- \$2.75 per pre-subscribed switched line
- \$13.75 per switched PRI line
- \$.31 per Centrex line
- Charges are assessed at the WTN (ANI) level to ALL lines, including zero usage lines

**II. Federal Universal Service Fee**

The Federal Universal Service Fee (FUSF) will apply to business and residential users of telecom services. MCI has chosen to fund its required universal service pool contribution via these fees. The pool of contributions will create a national revenue pool to provide supported telecom services. Each telecom provider's contribution to the fund is based upon gross revenues, and this fund will be administered by an independent overseer.



**FCC Order on Telecommunications Access Reform  
and Federal Universal Service Fee  
MCI Compliance Information for Business Customers  
December 1997**

How will your company be impacted by the FUSF? Beginning January 1998, the following charges will be assessed monthly against net end-user revenues for all MCI business customers:

- Total FUSF impact to Business Markets customers = 4.4% of net end-user revenues
- The FUSF applies to services which use the domestic U.S. network and are billed in the U.S.

**MCI Invoicing of National Access Fees and the Federal Universal Service Fees**

Beginning with January 1998 invoices, MCI business customers will begin to see line item charges on MCI invoices for these two new charges. They will be reflected on invoices as follows:

- NAF and FUSF will each appear as a single line item on the invoice
  - Line count and charge for NAF (subject to taxes)
  - Percent of net revenue for FUSF (subject to taxes)
- NAF and FUSF charges do not contribute to contract minimums or are eligible for discounts

**Questions?**

Your MCI Account Team is available to answer your questions on Access Reform and its specific impacts on the MCI services you utilize. Additionally, you may also use the MCI billing contact telephone numbers shown on your invoices.

**Federal Universal Service Fee By Product****Product****Timing**

Vnet	2 months in arrears (i.e. January invoice's surcharge will be reflective of November invoice's net usage)
MCI Toll Free (Standalone 800)	2 months in arrears
Private Line (Data, Access)	Current month's invoicing
HyperStream Frame Relay	2 months in arrears (effective on February invoice)
Conferencing	Current month's invoice
Internet	Excluded from surcharge
Concert Inter-country products	Excluded from surcharge

**BILLING PERIOD 04/01/96 THROUGH 06/30/96**

INVOICE NUMBER	12345678
INVOICE DATE	01/10/98
PAGE NUMBER	01
LOCATION ID	12345678
ACCOUNT NUMBER	12345678

SEARCH OPTION	CORPORATE LEVEL CHARGES	LOCATION LEVEL CHARGES	TOTAL CHARGES	AVERAGE RATE PER MINUTE
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10
11	11	11	11	11
12	12	12	12	12
13	13	13	13	13
14	14	14	14	14
15	15	15	15	15
16	16	16	16	16
17	17	17	17	17
18	18	18	18	18
19	19	19	19	19
20	20	20	20	20
21	21	21	21	21
22	22	22	22	22
23	23	23	23	23
24	24	24	24	24
25	25	25	25	25
26	26	26	26	26
27	27	27	27	27
28	28	28	28	28
29	29	29	29	29
30	30	30	30	30
31	31	31	31	31
32	32	32	32	32
33	33	33	33	33
34	34	34	34	34
35	35	35	35	35
36	36	36	36	36
37	37	37	37	37
38	38	38	38	38
39	39	39	39	39
40	40	40	40	40
41	41	41	41	41
42	42	42	42	42
43	43	43	43	43
44	44	44	44	44
45	45	45	45	45
46	46	46	46	46
47	47	47	47	47
48	48	48	48	48
49	49	49	49	49
50	50	50	50	50
51	51	51	51	51
52	52	52	52	52
53	53	53	53	53
54	54	54	54	54
55	55	55	55	55
56	56	56	56	56
57	57	57	57	57
58	58	58	58	58
59	59	59	59	59
60	60	60	60	60
61	61	61	61	61
62	62	62	62	62
63	63	63	63	63
64	64	64	64	64
65	65	65	65	65
66	66	66	66	66
67	67	67	67	67
68	68	68	68	68
69	69	69	69	69
70	70	70	70	70
71	71	71	71	71
72	72	72	72	72
73	73	73	73	73
74	74	74	74	74
75	75	75	75	75
76	76	76	76	76
77	77	77	77	77
78	78	78	78	78
79	79	79	79	79
80	80	80	80	80
81	81	81	81	81
82	82	82	82	82
83	83	83	83	83
84	84	84	84	84
85	85	85	85	85
86	86	86	86	86
87</				

**LOWE DISTANCE DEFACE CHANGES**

[illegible]

**DEDICATED ACCESS  
PRIVATE LINE (ACCESS & LOG)  
DISCOUNTS**

FUNDING AGENCY  
 INTERNATIONAL BILLING USAGE ALLIANCE  
 INTERNATIONAL PHONE  
 INTERNATIONAL CHAIRMAN  
 AIRPHONE/MAILING  
 INTERNATIONAL GROUP  
 LOCAL SERVICE CHAIRMAN\*\*

NON-US-AME	FEATURES	SUPPLEMENTAL CHARGES	ALLOCATED CHARGES=	WIRELESSUS\$7.76	TOTAL

**DEDICATED ACCESS CUSTOMER SERVICE EQUIP.**

Times

## INITIAL CURRENT CHANGES

ADJUSTING CHARGES - PLEASE DISCLOSE IF PAYMENT HAS BEEN SUBMITTED

**LET'S ASSURE THE WOMEN DESIST**

\*The Average Usage Rate is the Total Usage Dollars minus Volume Discounts/Rebates, net of MGIC Credits, Recording Access Charges, and Local Service provided by MGICplus.

National Access Fee and Federal Universal Service Fee are included in the 'Corporate Level Charges' column under 'Allocated Charges'. Detail of charges appears on the 'Corporate Miscellaneous Charges' MFR.

### Vinet Location Level Billing